
Commerce & Labor Committee

HB 2175

Brief Description: Regulating charities involved in gambling.

Sponsors: Representatives Wood and Conway.

Brief Summary of Bill

- Prohibits participation in the management, operation or ownership of any commercial gambling activity by a charitable or nonprofit organization or its employees.

Hearing Date: 2/28/05

Staff: Rebekah Ward (786-7106).

Background:

Various commercial and charitable/nonprofit gambling activities are authorized in Washington and are subject to the rules of the Gambling Commission (Commission).

Charitable/Nonprofit Gambling Activities

Every organization that wishes to conduct charitable/nonprofit gambling in the state is required to identify its stated purposes according to the categories listed in statute. Organizations are required to show that they have been organized "primarily for purposes other than the operation of gambling activities." The permitted purposes in the law include:

- agricultural
- athletic
- charitable
- civic
- educational
- fraternal
- patriotic
- religious
- social

The original rationale for authorizing charitable and nonprofit gambling was to benefit the stated purposes of the charitable and nonprofit organizations that operate games. In order to enforce the "stated purpose" provision, the Commission requires a statement of purpose by the organization on its application for licensure or re-licensure. In 1983, the Commission defined stated purpose as "all rules and guidelines set out in the organization's constitution and/or bylaws which have been approved and are on file with the Commission." The Commission requires that all charitable/

nonprofit applicants demonstrate on initial applications and annually thereafter the progress they have made toward meeting their stated purpose.

In 2000, the Commission adopted a rule that prevented charitable or nonprofit organizations from forming for-profit corporations in an effort to clarify and make a clear distinction between commercial businesses and charitable/nonprofit organizations.

Charitable/nonprofit gambling activities are limited to bingo games, raffles, amusement games, social card games, punch boards, and pull tabs.

Commercial Gambling Activities

Commercial gambling activities approved by the Commission include the use of punch boards, pull tabs, and social card games as commercial stimulants.

Summary of Bill:

Owners, managers, and employees of a charitable or nonprofit organization may not participate in the management, operation, or ownership of a commercial for-profit gambling operation.

Rules Authority: The bill contains no provisions requiring regarding agency rule making.

Appropriation: None.

Fiscal Note: Requested on February 23, 2005.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.